

Income/Franchise:

Kentucky: New Law Revises Recently Enacted Elective Pass-Through Entity Level Tax

H.B. 5, signed by gov. 3/31/23. Newly signed legislation modifies some aspects of Kentucky's recently enacted pass-through entity (PTE) tax election available for taxable years beginning on and after January 1, 2022 [see *H.B. 360*, signed by gov. 3/24/23, and previously issued Multistate Tax Alert for more details on this tax as originally enacted], including allowing individual partners, members, or shareholders of an electing PTE to claim a refundable (rather than a nonrefundable) credit against their individual income tax equal to 100% of the tax paid by the electing PTE based on the pro rata share of the individual partner's, member's, or shareholder's income from the PTE.

URL: <https://apps.legislature.ky.gov/record/23rs/hb5.html>

URL: <https://apps.legislature.ky.gov/record/23rs/hb360.html>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-kentucky-enacts-pass-through-entity-tax-election.pdf>

See forthcoming Multistate Tax Alert for more details on these recent changes to the new Kentucky PTE tax, and please contact us with any questions.

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